

TARIFF ACTION MEMO

Date: June 16, 2022

Date Filed: May 13, 2022

Statutory End Date: June 27, 2022

File No: TA331-4

Name of Utility: ENSTAR Natural Gas Company (ENSTAR)

Subject: Annual Revision to Gas Cost Adjustment

Recommendations

Staff recommends the Commission:

1. Approve Tariff Sheet No. 221 filed on May 13, 2022, with an effective date of July 1, 2022. A side-by-side is attached as Schedule JCV-1.
2. Grant ENSTAR's request to waive 3 AAC 52.506(g)(1), (2), (5), and (7).

Please see attached Staff Memorandum supporting the above recommendation.

Signed: Julie C. Vogler Title: Utility Financial Analyst
Julie C. Vogler

Commission decision regarding this recommendation:

	<u>Date (if different from 6/16/2022)</u>	<u>I Concur</u>	<u>I Do Not Concur</u>	<u>I Will Write A Dissenting Statement*</u>
Pickett		<u>RMP</u>		
Doyle		<u>KKI</u> for RAD		
Kurber		<u>KKI</u>		
Sullivan		<u>DS</u>		
Wilson		<u>JWW</u> JWW		

* If this column is initialed, Staff will contact the Commissioner for the statement; otherwise, the dissent will simply be noted at the close of the By Direction letter or order.

MEMORANDUM

To: Robert M. Pickett, Chairman
Robert A. Doyle
Keith Kurber II
Daniel A. Sullivan
Janis W. Wilson

Date: June 16, 2022

From: Julie C. Vogler, Utility Financial Analyst

Subject: Annual Revision to Gas Cost Adjustment

Recommendations

Staff recommends the Commission:

1. Approve Tariff Sheet No. 221 filed on May 13, 2022, with an effective date of July 1, 2022. A side-by-side is attached as Schedule JCV-1.
2. Grant ENSTAR's request to waive 3 AAC 52.506(g)(1), (2), (5), and (7).

Filing

On May 13, 2022, ENSTAR filed TA331-4, proposing to increase the Gas Cost Adjustment (GCA) from \$8.1301 per Mcf to \$8.3771 per Mcf, for the period of July 1, 2022 through June 30, 2023. The primary drivers of the increase are the expiration of the Furie Gas Sales Agreement (GSA),¹ the increase in the Cook Inlet Natural Gas Alaska (CINGSA) storage fees,² and an increase in gas withdrawals from storage.³

TA331-4 included a Tariff Advice (TA) letter, Tariff Sheet No. 221, the GCA calculation, a schedule showing the purchase price/rate per Mcf, CINGSA storage fee calculations, a copy of an interruptible Gas Sales Agreement (GSA) with BlueCrest Alaska Operating LLC (including a transaction confirmation), a letter to Hilcorp exercising

¹ The Furie GSA was prices at \$6.85 per Mcf, which is lower than the average cost of system base supply gas of \$8.005 per Mcf.

² The increase results from a combination of the expiration of the CINGSA tax credit of approximately \$1.2 million, the decrease in non-firm revenues of approximately \$800,000, and the increase of reservation and capacity fees of approximately \$300,000.

³ TA Letter at 2.

the needle peak option for contract year 3 (April 2022 through March 2023), a letter to Hilcorp exercising the turn-up option for contract year 4,⁴ and the calculation of the APL-14 GSA price per Mcf for contract year 3. In support of TA331-4, ENSTAR provided Staff an excel workbook⁵ that includes the following worksheets: GCA Calculation, TA Letter Tables, Purchase Price, Total Purchase, Storage Inventory, System Supply, System Supply Transportation, Transportation, Non-Firm Revenue Comparison, and CINGSA Rate Change Comparison. ENSTAR filed one supplement to TA331-4.⁶ ENSTAR requested an effective date of July 1, 2022.⁷

Notice

ENSTAR stated that the June bill stuffer will discuss the dollar amount of the gas cost presented in TA331-4. In addition, ENSTAR published a copy of TA331-4 on its website.⁸ In accordance with historic Commission practice,⁹ a publication notice was not issued for TA331-4.

Analysis

ENSTAR calculated its GCA for the period of July 1, 2022 through June 30, 2023 by totaling its estimated costs for approved base supply contracts, costs for additional gas supply contracts, costs for gas withdrawn from storage, Firm Storage Service (FSS) fees, transportation fees, and the actual balance account balance at March 31, 2022. This

⁴ Contract Year 4 is April 1, 2023 to March 31, 2024, which falls into the GCA effective period of July 1, 2022 to June 30, 2023.

⁵ Per ENSTAR's request, and consistent with prior GCA filings, Staff held the excel workbook as confidential Staff workpapers under 3 AAC 48.040(b)(10) which states the following:

3 AAC 48.040 Confidential records.

(b) The following records are confidential and are not open to inspection by the public unless they are released under 3 AAC 48.049 or court order or their release is authorized by the person with confidentiality interests:

(10) records of a regulated public utility, pipeline carrier, or pipeline submitted to or copied by the commission's advisory staff during any audit, review, or investigation in connection with any formal or informal proceeding.

⁶ Supplemental Filing, re: Response to Staff's Questions, filed May 23, 2022.

⁷ TA Letter at 10.

⁸ TA Letter at 10. Staff verified that TA331-4 is posted on ENSTAR's website, including the supporting schedules and Tariff Sheet No. 221. <https://www.enstarnaturalgas.com/about-enstar/rates-regulatory/current-regulatory-filings>.

⁹ 3 AAC 52.506(d) states "For a GCA filing under (b) of this section, a gas utility is not required to give public notice under AS 42.05.411..."

total is divided by the projected Mcf gas sales volume for the effective period, which results in an estimated weighted average unit cost of gas.¹⁰

Approved Base Supply Contracts

ENSTAR currently has approved base supply contracts with Hilcorp APL-14 (APL-14),¹¹ Furie Operating Alaska (Furie),¹² and Vision Resources.¹³ ENSTAR's GCA, found at Tariff Sheet No. 221, includes the following:

<u>Approved Base Supply Contract</u>	<u>Estimated Purchases (Mcf)</u>	<u>Estimated Unit Cost (Mcf)</u>	<u>Total</u>
Hilcorp APL-14	27,575,000	\$ 8.0892	\$ 223,060,000
Furie Operating Alaska	1,531,000	\$ 6.8500	\$ 10,487,000
Vision Resources	933,000	\$ 7.3894	\$ 6,894,000
	<u>30,039,000</u>		<u>\$ 240,441,000</u>
Average Cost		<u>\$ 8.0043</u>	

Hilcorp APL-14: The APL-14 GSA provides for annual price changes effective April 1 of each year. The annual price cannot increase more than 1.5% and decrease more than 1%.¹⁴ In addition, the sales price is subject to a floor of \$7.55 per Mcf and a ceiling of \$8.89 per Mcf.¹⁵ Staff notes the pricing provisions apply to firm gas, daily call option gas, and needle peak gas for the term of the GSA.¹⁶

The price of gas is based off on a series of calculations which use the following indices for the two years preceding the effective contract year: Consumer Price Index U.S, Non-Seasonally Adjusted Producer Price Index, and Seasonally Adjusted Producer

¹⁰ Tariff Sheet No. 221 and Gas Cost Adjustment Calculation filed with TA331-4.

¹¹ Hilcorp Alaska, LLC Amended and Restated Gas Sale and Purchase Agreement filed as TA317-4 and approved with L2000231. The term of the GSA is July 1, 2020 through March 31, 2033.

¹² Furie Operating Alaska, LLC Gas Sale and Purchase Agreement filed as TA282-4 and approved with L1600193; Amendment to Gas Sales Agreement filed as TA296-4 and approved with L1700450; Second Amendment to Gas Sales Agreement filed as TA315-4 and approved with L1900468; Third Amendment to Gas Sales Agreement filed as TA316-4 and approved with L2000142; and Fourth Amendment to Gas Sales Agreement filed as TA325-4 and approved with L2100175. The term of the Furie GSA, including amendments, is April 1, 2018 through March 31, 2023.

¹³ Gas Sale and Purchase Agreement Between Vision Resources, LLC and Alaska Pipeline Company filed as TA324-4 and approved with L2100239. The term of the Vision Resources GSA is July 13, 2021 through March 31, 2026.

¹⁴ Definition of Annual Price Modifier found on page 2 of the APL-14 GSA.

¹⁵ Definition of Sales Price Floor and Sales Price Ceiling found on page 9 of the APL-14 GSA.

¹⁶ Section 7.1 of the APL-14 GSA.

Price Index.¹⁷ Although the needle peak gas is subject to the same pricing provisions of firm gas and daily call option gas, it is also subject to a needle peak reservation fee of \$4,000,000 per contract year. However, if ENSTAR adjusts the needle peak rate provided in Section 2.3(a) of the GSA,¹⁸ the adjusted needle peak reservation fee is \$200.00 Mmcfpd multiplied by the adjusted needle peak rate.¹⁹ ENSTAR provided formal notice to Hilcorp and exercised its turn-up option under Section 2.8(A)²⁰ of the GSA to increase its firm annual contract quantity (ACQ) by 3,000 MMcf for contract years 3 and 4. As a result, the needle peak reservation fee for contract year 3 is \$2,356,200, rather than \$4,000,000.²¹

Under the Hilcorp GSA, the price of gas is \$7.74 per Mcf for the period of July 2022 through March 2023.²² ENSTAR applied the 1.5% price cap to the \$7.74 per Mcf to estimate the cost of gas for the period of April 2023 through June 2023, which resulted in a price of \$7.86 per Mcf.²³ ENSTAR estimated it will purchase a total of 27,575,000 Mcf of gas, which consists of 25,049,000 Mcf of firm gas, 2,253,000 Mcf of daily call option gas, and 273,000 Mcf of needle peak gas for system supply at a weighted average price of gas \$8.0892 per Mcf.²⁴ The weighted average price of gas includes the cost of firm gas, daily call option gas, needle peak gas, and needle peak fees.²⁵

¹⁷ Section 7.1 of the APL-14 GSA.

¹⁸ If ENSTAR acquires the needle peak call option during a contract year when the Firm Daily Contract Quantity (DCQ) has been adjusted as provided for in Sections 2.8, 2.9, or 2.10, and delivering the full needle peak rate would result in a DCQ in excess of Hilcorp's maximum deliverability rate, Hilcorp may adjust down the needle peak rate in order not to exceed the adjusted needle peak rate and the needle peak reservation fee shall be modified as provided in Section 7.1(E).

¹⁹ Per Section 7.1(E) of the APL-14 GSA, the needle peak fees are billed on a monthly basis with a specified dollar amount each month. If ENSTAR adjusts the needle peak rate provided in Section 2.3 of the GSA the adjusted needle peak reservation fee is \$200.00 per MMcfpd multiplied by the needle peak rate.

²⁰ ENSTAR must provide Hilcorp notice if it wants to increase the firm ACQ by up to 3,000 MMcf.

²¹ TA Letter at 4, Hilcorp Letter- RE: Amended APL-14 Turn-Up Option Gas- Contract Year 3 and Supplemental Filing, re: Response to Staff's Questions, filed May 23, 2022.

²² The calculation was filed with TA331-4 as Re: Contract Year 3 Sales Price for Gas Sales Agreement Between Hilcorp Alaska, LLC and Alaska Pipeline Company (APL-14, Amended and Restated), dated December 23, 2015, and Exhibit N.

²³ TA Letter at 3.

²⁴ TA Letter at 3 and 4. Staff verified the pricing provisions of the APL-14 GSA and recalculated the \$8.0892 per Mcf without exception.

²⁵ Staff notes the estimated unit cost of gas in the amount of \$8.0892 found on Tariff Sheet No. 221 and page 4 of the TA Letter includes transportation fees of \$0.2457 per Mcf (this is further discussed in the transportation section of this memorandum) and Needle Peak fees in the amount of \$2,356,200.

Furie Operating Alaska: The Furie GSA provides for annual price and volume changes effective April 1 of each year. Under the Furie GSA, the price of gas is \$6.85 per Mcf from July 2022 through March 2023.²⁶ ENSTAR estimated it will purchase a total of 1,531,000 Mcf of gas at a price of gas of \$6.85 per Mcf.²⁷

Vision Resources: The Vision Resources GSA provides for annual price and volume changes effective April 1 of each year.²⁸ Under the Vision Resources GSA, the price of gas is \$7.37 per Mcf from July 2022 through March 2023 and \$7.45 per Mcf from April 2023 through March 2024. ENSTAR estimated it will purchase a total of 933,000 Mcf of gas at a weighted average price of \$7.3894 per Mcf.²⁹

Additional Gas Supply Contracts

*Short Term Supply Contracts:*³⁰ ENSTAR entered into an Interruptible GSA with BlueCrest Alaska Operating Alaska, LLC (BlueCrest GSA).³¹ ENSTAR expects to purchase 37,000 Mcf of gas at a price of \$7.05 per Mcf.³²

Undetermined Supply: ENSTAR estimated it will purchase 336,000 Mcf of gas at a price of \$7.05 per Mcf from interruptible commitments that are currently being negotiated.³³ ENSTAR estimated the price per Mcf based on the price that it is currently paying BlueCrest for interruptible gas.³⁴

Gas Withdrawn from Storage

ENSTAR records the cost of stored gas in FERC Account 164.1, Gas Stored, which includes the cost of gas purchased and injected into storage, transportation fees

²⁶ See Section 3.1 of the Furie GSA and TA Letter at 5. The Furie GSA terminates March 2023.

²⁷ TA Letter at 5. Staff verified the pricing provisions of the Furie GSA.

²⁸ Section 2.1 and 7.1 of the Vision Resources GSA.

²⁹ TA Letter at 3. Staff verified the pricing provisions of the Vision Resources GSA and recalculated the \$7.3984 without exception.

³⁰ Section 708f(2) of ENSTAR's tariff found at Tariff Sheet No. 82 provides that contracts less than one year in duration become effective immediately without notification and are considered an approved cost element in its Gas Cost Balance Account (GCBA).

³¹ The BlueCrest GSA is effective September 1, 2021 through August 31, 2022.

³² TA Letter at 6, and Transaction Confirmation filed with the BlueCrest GSA included in TA331-4.

³³ TA Letter at 6 and 7.

³⁴ Supplemental Filing, re: Response to Staff's Questions, filed May 23, 2022.

incurred for the gas transported to storage, FSS and ISS injection and withdrawal fees³⁵ and related RCC charges, and gas costs incurred for FSS and ISS storage fuel use³⁶ reimbursement.³⁷ ENSTAR calculates the average unit cost of stored gas on a monthly basis by dividing the ending storage inventory dollars by the ending storage inventory volumes. When ENSTAR withdraws gas from storage, ENSTAR applies the average unit cost of gas from the previous month to the volumes withdrawn in the current month. ENSTAR expects to withdraw 3,224,000 Mcf of gas from storage at an average unit price of \$8.0233 per Mcf.³⁸

FSS Storage Fees³⁹

ENSTAR's calculation of the GCA includes total storage fees in the amount of \$14,702,000 which includes reservation and capacity fees, well maintenance surcharge fees, and CINGSA non-firm revenue credits. Detailed discussion of these components follows.

Reservation and Capacity Fees: ENSTAR's FSS Agreement with CINGSA provides for a maximum storage quantity (MSQ) of 8,775,000 Mcf; a contract injection quantity (CIQ) of 106,900 Mcf; and a maximum daily withdrawal quantity (MDWQ) of 102,900 Mcf.⁴⁰ ENSTAR's reservation fees are calculated by multiplying its MDWQ by CINGSA's reservation rate and capacity fees are calculated by multiplying its MSQ by CINGSA's capacity rate.⁴¹ Storage fees includes total reservation and capacity fees of \$14,613,000, including RCCs.

³⁵ CINGSA Tariff Sheet No. 75. Staff notes injection and withdrawal fees are those currently pending in Docket U-21-058 (CINGSA's revenue requirement study), effective August 1, 2021. See Order No. U-21-058(1), issued June 29, 2021.

³⁶ Section 30 found at CINGSA's Tariff Sheet Nos. 67 and 68, and Tariff Sheet No. 77.

³⁷ Section 708(c)(1)(d) found at ENSTAR's Tariff Sheet No. 87.

³⁸ TA Letter at 7. Staff verified ENSTAR's calculation provided in the confidential excel workbook.

³⁹ TA Letter at 8. Staff verified ENSTAR's calculation provided in the confidential excel workbook.

⁴⁰ Approved with L1100561, dated October 24, 2011 and correction letter, dated December 22, 2011; Order No. U-18-004(9)/U-18-005(6), *Order Accepting Stipulation as Modified and Closing Dockets*; and L2200090, dated March 31, 2022.

⁴¹ Reservation and capacity fees are found on CINGSA Tariff Sheet No. 75. Staff notes the reservation and capacity fees are those currently pending in Docket U-21-058 (CINGSA's revenue requirement study), effective August 1, 2021. See Order No. U-21-058(1), issued June 29, 2021.

Well Maintenance Surcharge: CINGSA's tariff provides that well maintenance costs⁴² be billed to FSS customers monthly, based on the MSQ and MDWQ in CINGSA's storage facility.⁴³ Staff notes that ENSTAR's MSQ is 8,775,000 Mcf and its CWQ is 102,900 Mcf.⁴⁴ Applying the current CINGSA rates⁴⁵ to the MSQ results in MSQ fees in the amount of \$11,408⁴⁶ and CWQ fees in the amount of \$9,889,⁴⁷ or a total of \$21,297 per month. The CINGSA invoices filed with the quarterly GCBA filings include the well maintenance surcharge fees. Staff verified the total monthly amount of \$21,297 during its review of CINGSA invoices included with the quarterly GCBA filings.⁴⁸ Storage fees includes well maintenance costs of \$21,297 per month, or \$265,000 per year, including RCCs.

Non-Firm Revenue Credits: CINGSA's tariff requires CINGSA to allocate non-firm revenues to its FSS customers on a monthly basis, based on its MSQ and MDWQ in CINGSA's storage facility.⁴⁹ Consistent with the previously approved GCA filing,⁵⁰ to estimate non-firm revenues, ENSTAR used the actual non-firm revenue credits received during the period of April 1, 2021 through March 31, 2022, the time period that coincides with the balance account balance used in the calculation of the GCA. The CINGSA invoices filed with the quarterly GCBA filings include the non-firm revenue credits received

⁴² The well maintenance surcharge methodology was filed as TA35-733, and approved with L1900454, effective December 16, 2019; and the well maintenance surcharge was filed as TA36-733 and approved with L2000069, effective March 3, 2020.

⁴³ CINGSA Tariff Sheet Nos. 88, 89, and 90.

⁴⁴ Approved with L1100561, dated October 24, 2011 and correction letter, dated December 22, 2011; Order No. U-18-004(9)/U-18-005(6), *Order Accepting Stipulation as Modified and Closing Dockets*; and L2200090, dated March 31, 2022.

⁴⁵ CINGSA Tariff Sheet No. 90. The rate applied to the MSQ is \$0.0013 per Mcf and the rate applied to the CWQ is \$0.0961 per Mcf.

⁴⁶ Equals 8,775,000 x \$0.0013.

⁴⁷ Equals 102,900 x \$0.0961.

⁴⁸ See TR2103912, TR2104214, TR2105925, TR2106206, TR2200189, TR2200522, TR2201660, and TR2201917.

⁴⁹ CINGSA Tariff Sheet Nos. 83 and 84.

⁵⁰ TA327-4, approved with L2100207, dated June 23, 2021.

by ENSTAR on a monthly basis.⁵¹ Storage fees include total non-firm revenue credits in the amount of (\$176,000), including RCCs.

Transportation (Fees, Reimbursement, and Lost and Unaccounted for Gas Retention (LAUF) Amount and Fuel Retention Amount (Fuel))

Gas that is shipped on the Kenai Beluga Pipeline (KBPL), is subject to the KBPL tariff rate of \$0.3639 per Mcf.⁵² ENSTAR estimated that 2,730,852 Mcf of gas will be transported on KBPL, resulting in transportation fees of \$995,000, including RCCs.⁵³ ENSTAR's estimated transportation fees, shown on line 6 of Tariff Sheet No. 221, includes volumes purchased under the Vision Resources GSA, the Furie GSA, and the BlueCrest Interruptible GSA.⁵⁴ Staff notes ENSTAR is invoiced by Harvest Alaska LLC for the transportation fees associated with these GSA's. The volumes purchased under the APL-14 GSA are also shipped on KBPL; however, the transportation costs are included on the Hilcorp gas invoices to ENSTAR, rather than a separate invoice. As such, the KBPL transportation fees are included in the cost of gas used in the calculation of the GCA. The APL-14 GSA includes transportation costs of \$6,777,000 or \$0.2457 per Mcf.⁵⁵

In addition to the KBPL transportation rate, the Vision Resources GSA, Furie GSA, and BlueCrest Interruptible GSA, are subject to the LAUF and Fuel Amount of 0.45% and 0.13%, respectively.⁵⁶ ENSTAR estimated it will provide approximately 15,837 Mcf⁵⁷ of gas to KBPL for LAUF and Fuel associated with these GSAs. Staff notes the APL-14 GSA is not subject to the LAUF and Fuel percentages.⁵⁸

⁵¹ See TR2103912, TR2104214, TR2105925, TR2106206, TR2200189, TR2200522, TR2201660, and TR2201917. Staff recalculated the total amount of \$169,691, found on page 8 of the TA Letter, without exception.

⁵² KBPL's Tariff Sheet No. 82, filed with TL61-668 and approved with L2200025, issued January 31, 2022, with an effective date of February 1, 2022.

⁵³ TA Letter at 8 to 9. Staff verified ENSTAR's calculation provided in the confidential excel workbook.

⁵⁴ TA Letter at 9. ENSTAR also included the volumes to be purchased under what is currently undetermined supply.

⁵⁵ TA Letter at 5. Staff verified ENSTAR's calculation provided in the confidential excel workbook.

⁵⁶ KBPL's Tariff Sheet No. 82.1 filed with TL61-668 and approved with L2200047, issued February 16, 2022, with an effective date of March 1, 2022.

⁵⁷ Calculation provided in the TA Letter at 9 and the confidential excel workbook. Staff verified ENSTAR's calculation.

⁵⁸ Definitions and Section 7.2 of the APL-14 GSA.

Gas Cost Balance Account (GCBA)

Although ENSTAR files its GCA on an annual basis, ENSTAR files its GCBA reports on a quarterly basis, 15 days after the end of each calendar quarter.⁵⁹ Staff reviews the GCBA reports upon filing to ensure the March 31⁶⁰ balance account balance used in the calculation of the GCA is accurate. Staff reviewed the GCBA filings⁶¹ for the period of April 1, 2021 through March 31, 2022 and recalculated the March 31, 2022 balance of (\$4,404,012)⁶² without exception.

Purchases and Sales

ENSTAR estimated purchases of 33,636,000 Mcf⁶³ and estimated sales of 33,452,000 Mcf.⁶⁴ Staff notes estimated purchases include the volumes that are associated with company use gas and the Fuel and LAUF associated with the KBPL tariff. Company use gas is defined as all gas lost, otherwise unaccounted for, and consumed for the company's use, as determined each month by the company.⁶⁵

Tariff Sheet

Tariff Sheet No. 221: ENSTAR's Tariff Sheet No. 221 provides the calculation of the GCA in the amount of \$8.3771 per Mcf. Staff reviewed the tariff sheet and verified the calculation of the GCA.

Waiver Request

3 AAC 52.506(g) requires a gas utility to file with each GCA filing the following information to support entries in the cost-of-gas balancing account for the historical period and projections for the future period: (1) a copy of each invoice for costs recovered through the GCA; (2) a report of gas volumes sold by customer class; (3) the GCA calculation; (4) documentation in support of projected costs and sales for the future period; (5) a calculation of the monthly balances in the gas cost balancing account

⁵⁹ Section 708g found at Tariff Sheet No. 90.

⁶⁰ Section 708(d)(1) found at Tariff Sheet No. 88.

⁶¹ See TR2103912, TR2104214, TR2105925, TR2106206, TR2200189, TR2200522, TR2201660, and TR2201917.

⁶² TA Letter at 10 and Tariff Sheet No. 221 at Line 9.

⁶³ 30,039,000 Mcf purchased from approved base supply contracts, 373,000 Mcf purchased from additional gas supply, and 3,224,000 Mcf withdrawn from storage.

⁶⁴ Line 9 of Tariff Sheet No. 221.

⁶⁵ Tariff Sheet No. 23.

(GCBA); (6) revised tariff sheets; and (7) other information that the commission considers necessary to explain entries in the GCBA or to explain the proposed GCA calculation.

ENSTAR requested a waiver of 3 AAC 52.506(g)(1), (2), (5), and (7) to provide historical information with the GCA tariff filing, because the information has already been filed with the Commission in the quarterly GCBA filings.⁶⁶ Staff's review of the GCBA filings and TA331-4 indicates that the quarterly GCBA filings satisfy the requirements of 3 AAC 52.506(g)(1), (2), (5), and (7), and TA331-4 satisfies the requirements of 3 AAC 52.506(g)(3), (4), and (6). Therefore, Staff recommends the Commission grant ENSTAR's waiver request.⁶⁷

Conclusion

Based on its review, Staff recommends the Commission approve Tariff Sheet 221 filed on May 13, 2022, with an effective date of July 1, 2022; and grant ENSTAR's request to waive 3 AAC 52.506(g)(1), (2), (5), and (7).

Signature: 

Email: bob.pickett@alaska.gov

Signature: 
Keith Kurber II (Jun 16, 2022 07:57 AKDT)

Email: keith.kurber@alaska.gov

Signature: 
Daniel Sullivan (Jun 16, 2022 13:46 AKDT)

Email: daniel.sullivan@alaska.gov

Signature: 
Janis W. Wilson (Jun 16, 2022 14:01 AKDT)

Email: janis.wilson@alaska.gov

⁶⁶ TA Letter at 2.

⁶⁷ Staff notes the Commission granted ENSTAR's request to waive 3 AAC 52.506(g) in TA255-4, TA257-4, TA260-4, TA265-4, TA272-4, TA284-4, TA294-4, TA306-4, TA311-4, TA319-4, and TA327-4.

RCA No. 4 51st Revision
Cancelling
50th Edition

Sheet No. 221
Sheet No. 221

RECEIVED
JUL 13 2021
STATE OF ALASKA
REGULATORY COMMISSION OF ALASKA



ENSTAR Natural Gas Company

§2301 Determination of Gas Cost Adjustment

(1) <u>Current Cost of System Base Gas Supply:</u>				
Approved Base Supply Contracts				
	Estimated Purchases* (A)	Estimated Unit Cost (B)	Total (A x B) (C)	
a) Hilcorp APL-14	27,580,000 Mcf	\$8.0307/Mcf	\$ 221,487,000	
b) Furie Operating Alaska	2,292,000 Mcf	\$6.7247/Mcf	\$ 15,413,000	
c) Vision Resources	946,000 Mcf	\$7.3164/Mcf	\$ 6,921,000	C
d) System Base Gas Supply	30,818,000 Mcf		\$ 243,821,000	C,T
e) Current Average Cost of System Base Gas Supply (C/A)		<u>\$7.9116/Mcf</u>		C
(2) <u>Additional Gas Supply:</u>				
a) Short Term Supply Contracts	46,000 Mcf	\$6.9000/Mcf	\$ 317,000	
b) Undetermined Supply	0 Mcf	\$0.0000/Mcf	\$ 0	C
c) Total Additional Gas Supply	46,000 Mcf		\$ 317,000	C
(3) Gas Withdrawn From Storage	2,893,000 Mcf	\$7.9049/Mcf	\$ 22,869,000	
(4) FSS Storage Fees			\$ 12,318,000	
(5) ISS Storage Fees			\$ 0	
(6) Transportation Fees			\$ 900,000	
(7) Total Current Cost of System Gas Supply (1d plus 2c, 3, 4, 5, & 6)	<u>33,757,000 Mcf</u>		\$ 280,225,000	T
(8) Current Average Cost of System Gas Supply (C/A)		<u>\$8.3012/Mcf</u>		
(9) Balance of Gas Cost Balance Account at March 31, 2021. (March 31 st for the annual revision, otherwise the most recent month-end balance available immediately preceding the filing date) (negative if credit balance)			\$ (7,590,266)	
(10) Other Adjustments			\$ 0	
(11) Total (7, 9, and 10 above)			<u>\$ 272,634,734</u>	
(12) Mcf Sales *			<u>33,534,000</u>	
(13) Weighted Average Unit Cost of Gas and Gas Cost Adjustment (11 divided by 12)			<u>\$ 8.1301/Mcf</u>	

* For the 12-month period beginning July 1, 2021.

Tariff Advice No. 324-4

Effective: July 13, 2021

Issued By: ENSTAR Natural Gas Company, A Division of SEMCO ENERGY, Inc.

RCA No. 4 52nd Revision
Cancelling
51st Revision

Sheet No. 221
Sheet No. 221



ENSTAR Natural Gas Company

§2301 Determination of Gas Cost Adjustment

(1) <u>Current Cost of System Base Gas Supply:</u>				
Approved Base Supply Contracts				
	Estimated Purchases* (A)	Estimated Unit Cost (B)	Total (A x B) (C)	
a) Hilcorp APL-14	27,575,000 Mcf	\$8.0892/Mcf	\$ 223,060,000	C
b) Furie Operating Alaska	1,531,000 Mcf	\$6.8500/Mcf	\$ 10,487,000	C
c) Vision Resources	933,000 Mcf	\$7.3894/Mcf	\$ 6,894,000	C
d) System Base Gas Supply	30,039,000 Mcf		\$ 240,441,000	C
e) Current Average Cost of System Base Gas Supply (C/A)		<u>\$8.0043/Mcf</u>		C
(2) <u>Additional Gas Supply:</u>				
a) Short Term Supply Contracts	37,000 Mcf	\$7.0500/Mcf	\$ 261,000	C
b) Undetermined Supply	336,000 Mcf	\$7.0500/Mcf	\$ 2,369,000	C
c) Total Additional Gas Supply	373,000 Mcf		\$ 2,630,000	C
(3) Gas Withdrawn From Storage	3,224,000 Mcf	\$8.0233/Mcf	\$ 25,867,000	C
(4) FSS Storage Fees			\$ 14,702,000	C
(5) ISS Storage Fees			\$ 0	
(6) Transportation Fees			\$ 995,000	C
(7) Total Current Cost of System Gas Supply (1d plus 2c, 3, 4, 5, & 6)	<u>33,636,000 Mcf</u>		\$ 284,635,000	C
(8) Current Average Cost of System Gas Supply (C/A)		<u>\$8.4622/Mcf</u>		C
(9) Balance of Gas Cost Balance Account at March 31, 2022. (March 31 st for the annual revision, otherwise the most recent month-end balance available immediately preceding the filing date) (negative if credit balance)			\$ (4,404,012)	C,T
(10) Other Adjustments			\$ 0	
(11) Total (7, 9, and 10 above)			<u>\$ 280,230,988</u>	C
(12) Mcf Sales *			<u>33,452,000</u>	C
(13) Weighted Average Unit Cost of Gas and Gas Cost Adjustment (11 divided by 12)			<u>\$ 8.3771/Mcf</u>	I

* For the 12-month period beginning July 1, 2022.

Tariff Advice No. 331-4

Effective: _____

Issued By: ENSTAR Natural Gas Company, A Division of SEMCO ENERGY, Inc.

